

STATE OF WASHINGTON  
GAMBLING COMMISSION

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GAMBLING COMMISSION  
COMM & LEGAL DIVISION

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GAMBLING COMMISSION  
COMM & LEGAL DEPTIn the Matter of the Suspension of the Licenses )  
to Conduct Gambling Activities of: )

NO. CR 2010-00962

Z's Restaurant at Zeppoz )  
Pullman, Washington, )

## SETTLEMENT ORDER

Licensee. )  
\_\_\_\_\_ )

I.

This Settlement Order is entered into between the Washington State Gambling Commission and Z's Restaurant at Zeppoz. The Gambling Commission is represented by H. Bruce Marvin, Assistant Attorney General, and Melinda Froud, Lead Staff Attorney. The licensee is represented by Wayne Druffel, Owner.

II.

The Washington State Gambling Commission issued Z's Restaurant at Zeppoz, organization number 00-18777, the following licenses:

Number 67-00209, authorizing Class "9" House-Banked Card Room activity; and  
Number 05-19347, authorizing Class "A" Punchboard/Pull-Tab activity.

The licenses expire on March 31, 2011, and were issued subject to the licensee's compliance with state gambling laws and regulations.

III.

The Director issued a Notice of Administrative Charges and Opportunity for an Adjudicative Proceeding to the licensee on October 1, 2010. On October 15, 2010, Commission staff received the licensee's request for a hearing

IV.

The following is a summary of the facts alleged, and the violations charged in the Notice of Administrative Charges:

When the licensee submitted a renewal application in March 2010, the licensee answered "No" to a question that asked if the licensee received any new loans or cash/asset contributions over the license year, which individually or collectively exceed a total of \$10,000. As a result, the

licensee failed to disclose that it received \$380,812 in cash contributions from the members of Palouse Recreation I, L.P.<sup>1</sup> on its renewal application, in violation of WAC 230-06-080.

The licensee failed to disclose or provide source of funds for the \$380,812 in cash contributions from Palouse Recreation I, L.P. members.

Previously on September 24, 2008, the licensee received a warning letter for failure to submit updated documents, in violation of WAC 230-06-080.

**RCW 9.46.075 Denying, suspending, or revoking an application, license or permit**

The Commission may deny an application, or suspend or revoke any license or permit issued by it, for any reason or reasons, it deems to be in the public interest. These reasons shall include, but not be limited to, cases wherein the applicant or licensee, or any person with any interest therein: (The following subsections apply.)

(1) Has violated, failed or refused to comply with the provisions, requirements, conditions, limitations or duties imposed by chapter 9.46 RCW and any amendments thereto, or any rules adopted by the Commission pursuant thereto, or when a violation of any provision of chapter 9.46 RCW, or any Commission rule, has occurred upon any premises occupied or operated by any such person or over which he or she has substantial control.

(7) Makes a misrepresentation of, or fails to disclose, a material fact to the Commission.

**WAC 230-03-085 Denying, suspending, or revoking an application, license or permit**

We may deny, suspend, or revoke any application, license or permit, when the applicant, licensee, or anyone holding a substantial interest in the applicant's or licensee's business or organization:

(The following subsections apply.)

(1) Commits any act that constitutes grounds for denying, suspending, or revoking licenses or permits under RCW 9.46.075.

(3) Has demonstrated willful disregard for complying with ordinances, statutes, administrative rules, or court orders, whether at the local, state, or federal level.

(7) Fails to provide us with any information required under Commission rules within the time required, or, if the rule establishes no time limit, within thirty days after receiving a written request from us.

**WAC 230-06-080 Report changes to application information and submit updated documents and information.**

(1) Licensees must notify us in writing if any information filed with the application changes in any way within thirty days of the change.

(2) Licensees must submit to us any new or updated documents and information, including the following:

(a) Articles of incorporation or bylaws, or any other documents which set out the organizational structure and purposes; and

<sup>1</sup> The licensee is owned by Palouse Recreation I, L.P.

- (b) All oral or written contracts and agreements which relate to gambling activities or alter the organizational structure of the licensee's organization or business activities in Washington; and
- (c) All cash or asset contributions, draws from lines of credit, and loans (except those from recognized financial institutions) during any calendar year which by themselves or totaled together are more than ten thousand dollars. Cash or asset contributions do not include donations to licensed charitable or nonprofit organizations; and
- (d) Internal Revenue Service tax deductible status of contributions for charitable and nonprofit organizations.

## V.

The licensee acknowledges that it has read the Notice of Administrative Charges, and understands the facts contained in it. The licensee has waived its right to a hearing, based on the terms and conditions of this Settlement Order.

On December 16, 2010, the licensee submitted documentation of the source of funds for the \$380,812 in cash contributions from Palouse Recreation I, L.P. members

- 1) The licensee agrees that Z's Restaurant at Zeppoz's licenses are hereby suspended for a period of **three (3) days**, provided that:
  - a) **One (1) day of the suspension shall not be currently served, but shall be deferred** for a period of one year from the date of entry of this Settlement Order, subject to the following: The licensee agrees not to violate any of Washington's gambling statutes or regulations during the one (1) year term. If the licensee violates these statutes or regulations and if the violation is the type that warrants the filing of administrative or criminal charges, then the Director may impose the one-day suspension of the current gambling license and any subsequently acquired gambling licenses.
  - b) The parties agree that the Director of the Washington State Gambling Commission, pursuant to this agreement, has discretion to determine whether the licensee has violated any term of this agreement. In the event the Director determines that a violation of this section has occurred, he may suspend the license(s) issued to the licensee, and any subsequently acquired licenses, for up to one day, by mailing or delivering a Notice of Order of Administrative Charges to the licensee. This suspension shall be in addition to any consequences of the new violation. The licensee shall be afforded the opportunity to have an Adjudicative Proceeding, which includes a hearing on the alleged violations.
- c) The licensee has chosen to serve the remaining **two (2) days** of the suspension.
  - **The suspension period begins at 8:00 a.m. on Sunday, December 26, 2010, and runs through Monday, December 27, 2010.**
  - The licensee may resume gambling activities at 8:00 a.m. on Tuesday, December 28, 2010.
  - During this period of suspension, no gambling activities shall take place at the licensed premises.

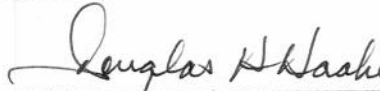
3) The signed order and payment must be received by Commission staff on or before Tuesday, December 21, 2010. The order must be mailed to Commission Headquarters at the following address:

Washington State Gambling Commission  
Attention: Communications and Legal Division  
P.O. Box 42400  
Olympia, WA 98504-2400

or delivered (in person or via private courier) to the following address:


Washington State Gambling Commission  
Attention: Communications and Legal Division  
4565 7<sup>th</sup> Avenue SE; Fourth Floor  
Lacey, WA 98503

DATED this 29 day of Dec, 2010.


  
Administrative Law Judge


APPROVED FOR ENTRY:

By the signature below, the licensee understands and accepts the terms and conditions of this Order.

  
Wayne Druffel, Owner (Date)  
Z's Restaurant at Zeppos

APPROVED AS TO FORM:

  
H. Bruce Marvin, WSBA #25152  
Assistant Attorney General,  
Representing the Washington State  
Gambling Commission

  
Melinda Froud, WSBA #26792  
Lead Staff Attorney,  
Washington State Gambling Commission